

Mobility: Tax alert

April 2023

Romania

Digital nomads not taxable on their earnings for days working in Romania

Executive summary

Effective April 2023, digital nomads can be exempt from paying income tax and social charges on their earnings derived from outside Romania provided they do not spend more than 183 days in Romania in any 12 consecutive months ending in the calendar year concerned.

Background

In general, the term 'digital nomad' refers to an individual who is employed and receives their earnings from one country (i.e., the home country) but works remotely from another country (i.e., the host country). The term was first used in immigration legislation in January 2022.

Romanian legislation defines a digital nomad as being a foreign individual who has an employment contract with an employer registered outside Romania, or who owns a company registered outside Romania, and is able to perform their employment duties remotely from Romania by using information and communication technology.

Prior to 17 January 2022, digital nomads could remain in Romania for up to 90 days within a 6-month period. From 17 January 2022, digital nomads can extend their stay beyond the initial 90-day period and remain for an additional period of up to 6 months, by applying for and obtaining a temporary residence permit.

Key Issues - eligibility criteria

Under the Tax Code amendments that were introduced as of April 2023, in order to be eligible for the exemption, foreigners must prove that:

- ▶ They hold a nomad visa
- ▶ Their work activities in Romania will be carried out exclusively using information and communication technologies
- ▶ Their presence in Romania will not exceed 183 days in a 12 consecutive month period (ending in the calendar year)
- ▶ The exempt earnings concerned are received from outside Romania

Key steps

Employers should consider how and to whom this new rule may apply.

EY will continue to monitor these developments. Should you have questions, please contact one of our mobility professionals for further information.

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ey.com

Corina Mindoiu

Partner - People Advisory Services

Tel: +40 745 115 256

Email: corina.mindoiu@ro.ey.com

Dan Răuț

Manager - People Advisory Services

Tel: +40 737 069 089